

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

JOHN W. PARSONS, ESQ., *Executive Director*

Auditor: SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

MEMORANDUM

TO: Massachusetts Water Resources Authority Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 30, 2022

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY23 (since the amount under the prior schedule was maintained in FY23) and is acceptable under Chapter 32.

The revised schedule reflects an adjustment to the fully generational mortality assumption. In addition, the schedule reflects an increase in the COLA base from \$15,000 to \$17,000.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

P:\actuarial\APPROP\Approp23\mwra approval.docx

Enc.



Section 2: Actuarial Valuation Results

Funding schedule

| (1) Fiscal Year Ended June 30 | (2) Employer Normal Cost | (3) Amortization of Remaining Unfunded Liability | (4) Actuarially Determined Contribution (ADC): (2)+(3) | (5) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year | (6) Percent Increase in Actuarially Determined Contribution |
|-------------------------------------|--------------------------------|---|---|---|--|
| 2023 | \$4,203,873 | \$8,351,330 | \$12,555,203 | \$84,796,173 | -- |
| 2024 | 4,351,861 | 9,716,244 | 14,068,105 | 81,719,537 | 12.05% |
| 2025 | 4,504,979 | 11,258,333 | 15,763,312 | 76,971,520 | 12.05% |
| 2026 | 4,663,402 | 12,999,389 | 17,662,791 | 70,247,397 | 12.05% |
| 2027 | 4,827,313 | 14,963,844 | 19,791,157 | 61,198,121 | 12.05% |
| 2028 | 4,996,897 | 17,179,094 | 22,175,991 | 49,424,442 | 12.05% |
| 2029 | 5,172,350 | 19,675,848 | 24,848,198 | 34,470,277 | 12.05% |
| 2030 | 5,353,871 | 15,815,245 | 21,169,116 | 15,815,245 | -14.81% |
| 2031 | 5,541,670 | 0 | 5,541,670 | 0 | -73.82% |

Notes:

The fiscal 2023 appropriation is set equal to the budgeted amount determined with the prior valuation.

The appropriation is assumed to be paid on July 1.

Employer normal cost is projected based on a 3.00% growth in payroll per year, as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

The projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains/losses.